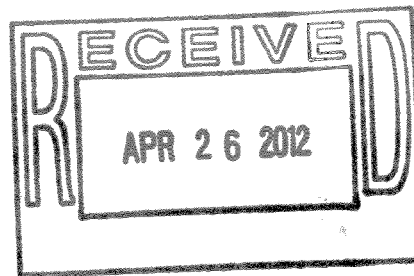




UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

April 23, 2012



Megan Cesare-Eastman, Esq.
K&L Gates LLP
Four Embarcadero Center, Suite 1200
San Francisco, CA 94111

RE: Yosemite Slough Site, San Francisco, California

Dear Ms. Cesare-Eastman:

The Environmental Protection Agency (EPA) appreciates Alcoa Inc.'s interest and participation in the Yosemite Slough Site (Site) Engineering Evaluation / Cost Analysis (EE/CA) development process. EPA has been working with potentially responsible parties (PRPs) and other stakeholders to gather as much input as possible to inform the Agency's decision. EPA's Remedial Project Manager has recently met with PRP technical representatives to discuss a range of alternatives which EPA could consider to address contamination in the slough. As a follow-up to that discussion, EPA is having a legal meeting with PRP counsel to discuss these alternatives prior to presenting them to the larger Technical Stakeholder Committee. That meeting is scheduled for 10 am on May 31, 2012 at EPA's Region 9 office.

EPA believes that this matter has the potential for settlement and wishes to take steps toward resolving this matter as expeditiously as possible. While the EE/CA is being developed, it may be useful for the PRPs to explore an allocation of their relative responsibility for site costs in order to be prepared for future negotiations with EPA. It has been the experience of EPA and PRPs at other sites that the expertise of a neutral allocation professional greatly increases the effectiveness of private PRP allocation efforts. Due to the short time before the start of substantive negotiations with EPA, we suggest that you consider the services of a neutral allocation professional to facilitate your efforts in this matter.

To assist in your efforts, we offer to make a room available for your private discussions following our meeting on May 31, 2012. Neither I, nor any member of the EPA case team will be present during your private meeting. Further, we have asked David Batson, a neutral professional with the Conflict Prevention & Resolution Center at EPA Headquarters, to be available to assist you, as a confidential convening neutral, with your discussions and future efforts regarding a possible allocation. David has extensive experience assisting private parties as a convening neutral, mediator, and allocation specialist at other Superfund sites, and we hope his expertise can be of assistance. Pursuant to the provisions of 5 USC §574, any and all communications by any party with David Batson related to the meeting or his assistance of the PRPs are completely confidential and exempt from FOIA disclosure, and cannot be shared with me or anyone associated with EPA. Should you have any questions regarding David's experience, references, or his offer of service as a neutral for your meeting, you may reach him at david_batson@verizon.net or 202 / 494-8702 (cell).

EPA hopes you are able to participate in both meetings on May 31. If you need additional information about the meetings or the Yosemite Slough Site, you can contact me at (415) 972-3908 or cox.elizabeth@epa.gov. Thank you for your attention in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thanne Cox', with a stylized flourish at the end.

Thanne Cox
Attorney Advisor

cc: Craig Cooper, EPA
Melinda Garvey, EPA
Abhik Dutta, EPA
David Batson